

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

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MAIL PROCESSING NETWORK  
RATIONALIZATION SERVICE CHANGES, 2012

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Docket No. N2012-1

INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO  
TO USPS WITNESS MARC A. SMITH  
(APWU/USPS-T9 1-9)  
(December 28, 2011)

Pursuant to Rules 25 through 28 of the Rules of Practice, American Postal Workers Union, AFL-CIO directs the following interrogatories to United States Postal Service witness Marc A. Smith (USPS-T-9). If the witness is unable to respond to any interrogatory, APWU requests that a response be provided by an appropriate person capable of providing an answer.

As used in these interrogatories, the terms listed below are defined as follows:

The term "document" means all writings of any kind, including the originals and all copies, whether different from the originals by reason of any notations made on such copies or otherwise (including without limitation correspondence, memoranda, notes, diaries, statistics, letters, telegrams, minutes, contracts, reports, studies, summaries, pamphlets, books, interoffice and intraoffice communications, offers, notations of any sort of conversations such as telephone calls, meetings or other communications, bulletins, computer printouts, teletypes, telefaxes, worksheets, and all drafts, alterations, modifications changes and amendments of any kind to the foregoing); graphic or oral records or representations of any kind (including without limitation photographs, charts, graphs, microfiche, microfilm, videotape recordings, motion pictures); and electronic, mechanical or electrical records or representations of any kind (including without limitation e-mails, computer files, tapes, cassettes, discs, recordings).

The term "all documents" means every document as above defined known to

USPS and every such document which can be located or discovered by reasonably diligent efforts.

The term "Postal Service" includes all agents, employees, attorneys, representatives, and anyone acting on its behalf, as well as the Board of Governors, contractors and subcontractors to the Postal Service, and the Postal Service Office of Inspector General (OIG).

The term "person" means any natural person, corporation, partnership, proprietorship, association, organization or group of natural individuals.

The term "identify," when used with regard to a person means to provide the full name, position, address and telephone number of the person.

The term "identify," when used with regard to a document means to describe the subject matter of the document, its author, its date and any addressee.

For each interrogatory response, identify all individuals responsible for providing the response who will be able to confirm the response under oath.

For any objection to or other refusal to answer any portion of any interrogatory, provide all information requested by that portion of the request to which there is no objection, or which an answer is not refused. If an objection is made to an interrogatory on the ground that it is too broad, provide all information determined by USPS to be discoverable. If an objection is made to an interrogatory on the ground that to provide the requested discovery would constitute an undue burden, provide all requested documents that can be supplied without undertaking what is claimed an undue burden. For those portions of any interrogatory to which an objection is raised, or which a complete answer is otherwise refused, state each reason for the objection or declination. If an objection is made to any portion of any interrogatory on the ground that it seeks privileged or otherwise non-discoverable information, state the privilege or other protection asserted, identify all persons to whom the document that is claimed to be non-discoverable have been communicated or displayed, and identify all documents that constitute, contain or reflect such information; and provide a separate list of all asserted privileged documents that identifies the author, recipient date and general subject matter of each document.

In any instance where a response to an interrogatory cannot be provided in full, so state and then respond to that portion of the interrogatory to which USPS can respond.

You should supplement the responses to answers to these interrogatories in accordance with the provisions of Rule 26(e) of the Federal Rules of Civil Procedure.

Respectfully submitted,

Darryl J. Anderson  
Jennifer L. Wood  
Counsel for American Postal Workers Union, AFL-CIO

APWU/USPS-T9-1 On page 7 of your testimony you state that maintenance and custodial labor savings were determined from FY2010 annual average salary and benefits costs.

- a) Please confirm that use of FY2010 data means that none of the cost-savings from the implementation of the APWU 2010 contract have been included in your calculations.
- b) Have you done an analysis that evaluates what the cost savings would be when compared to a baseline scenario that includes a full implementation of the labor flexibilities in the APWU 2010 contract?

APWU/USPS-T9-2 Please confirm that your estimate of \$910 million annual savings results from the use of FY2010 costs, assumes all AMPs lead to closure of the mail processing facilities, and that 93 out of 252 buildings impacted could be completely closed. If not confirmed, please explain the assumptions about AMP decisions and facility closures leading to the \$910 million annual savings.

APWU/USPS-T9-3 On page 20 of your testimony, you indicate that the Postal Service could only fully vacate 93 buildings of a total of 252 that are being studied.

- a) Of these 93 buildings how many are leased?
- b) Is the \$16.8 million annual lease savings calculated from current leases for those buildings? If not, please explain from where these lease savings come.
- c) How is the \$448 million in revenues determined? Is it based on current market estimates for selling those facilities?
- d) What gives rise to the \$121 million in one time capital costs in your estimate?

APWU/USPS-T9-4 Please confirm that of the \$910 million in savings that you calculate, less than 10 percent of it comes from mail processing labor and carrier workload reductions. Please clarify how those workload reductions relate to the categories of labor cost savings calculated by witness Bradley.

APWU/USPS-T9-5 On page 16 you state that “to the extent that the current service standards are maintained, the Postal Service is going to need to acquire more equipment . . .” Please explain how much equipment the Postal Service would need to acquire to maintain the current service standards and under what time line that equipment would be necessary.

APWU/USPS-T9-6 On page 19 you state that “there are non-processing activities at these buildings (VMF, retail, delivery, district offices), some of which can be expensive to relocate. Thus, it is a possibility we could keep even large facilities to support the remaining activities...”

- a) Which of the co-located activities would be most expensive to relocate?
- b) What factors are considered in determining if co-located activities can be relocated or must stay at the current location?
- c) Was the existence of co-located activities a factor in determining which facilities were placed on the closure review list?
- d) How were the savings and revenues (as mention on page 20) from moving other operations into the empty space in these buildings calculated?
- e) If this Mail Processing Network Rationalization effort was not constrained by limited capital; would the Postal Service change in any way its approach to decisions about whether to move co-located activities?

APWU/USPS-T9-7 On page 24 you indicate there is an opportunity to move mail currently processed in manual operations into automated or mechanized operations, and that there are opportunities for doing additional DPS.

- a) How many of the 2,072 zones not currently placed in DPS, will likely be placed in DPS under this Mail Processing Network Rationalization effort?
- b) How much mail is currently processed in manual operations?
- c) Is it only the lengthening of the operational windows that allows the additional automated operations or are there other operational changes that make that possible?

APWU/USPS-T9-8 In describing the treatment of benefits costs in Appendix A, you state that the retiree health benefits obligations are based on the normal cost as shown in the USPS 2010 10-K. The USPS 2011 10-K shows that normal cost estimates have declined from \$3.1 billion in 2010 to \$2.9 billion in 2011. What steps did you take to determine how the normal costs were being calculated and that you were using accurate estimates given future staffing plans?

APWU/USPS-T9-9 You state in footnote 22 of the Appendix that setting the current cost estimate of CSRS pensions at 24.4 percent of the total salary costs of CSRS employees is the appropriate and actuarially sound annual contribution for CSRS retirement. However, the USPS 2011 10-K shows that even OPM now considers the CSRS system to be overfunded by about \$2 billion. Please clarify why this is the appropriate assumption to be used to estimate future costs.